

The Retailers' Occupation Tax does not apply to sales of machinery and equipment used primarily in the manufacturing or assembling of tangible personal property for wholesale or retail sale or lease. See 86 Ill. Adm. Code 130.330. (This is a GIL).

April 30, 1999

Dear Ms. Xxxxx:

This letter is in response to your letter dated April 6, 1999. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

We are in receipt of a Machinery & Equipment Exemption Certificate (copy attached) as submitted by a customer.

This customer does not have a valid registration number and insists that eligible purchases from COMPANY should be tax-free.

May I please have a ruling?

Enclosed is a copy of 86 Ill. Adm. Code 130.330 concerning the Manufacturing Machinery and Equipment Exemption. The Retailers' Occupation Tax does not apply to sales of machinery and equipment used primarily in the manufacturing or assembling of tangible personal property for wholesale or retail sale or lease. In order to document the exemption, the user of such machinery and equipment must supply an exemption certificate to the retailer as provided in 86 Ill. Adm. Code 130.330(g)(1). Form ST-587, the Machinery and Equipment Exemption Certificate, can be used to claim the exemption. The user may provide an active registration or resale number in lieu of the prescribed certificate.

Please be aware that according to 86 Ill. Adm. Code 130.330 (c) "[t]he law exempts only the purchase and use of "machinery" and "equipment" used in manufacturing or assembling. Subsection (c)(3) provides that "[t]he exemption does not include hand tools, supplies. . . coolants, lubricants, adhesives, or solvents, or solvents. . . ." Generally, chemicals such as sodium hydroxide are considered consumables and do not qualify.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

ST 99-0142-GIL

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Karl W. Betz
Associate Counsel

KWB:msk
Enc.